

Employer Advisor

UNEMPLOYMENT INSURANCE CONTRIBUTION (TAX) RATES:

What are they and where do they come from?

The Utah Employment Security Act requires Workforce Services to calculate the Unemployment Insurance (UI) contribution (i.e., tax) rate for each calendar year.

When will I find out my rate for next year?

Employer rate notices are sent out at the end of November each year.

How is my rate calculated?

New employers who do not have experience with UI are assigned a rate based on the two-year average benefit ratio of all Utah employers in their respective industry. Employers may qualify for a rate based on their own UI experience after they have paid wages for a period of one fiscal year (July 1–June 30) prior to the rate computation date.



To calculate a qualified employer's overall tax rate, the following self-adjusting formula is used:

Benefit Ratio x Reserve Factor + Social Cost
Rate = Unemployment Contribution Rate



Post your jobs online:
jobs.utah.gov/employer

Occupational wage data:
jobs.utah.gov/wi

Where do these numbers come from?

- **Benefit Ratio** is determined by dividing the total of all chargeable UI benefits paid to your former employees during the last four state fiscal years (July 1–June 30) by your taxable wages for the same time period. The benefit ratio portion of the overall tax rate is unique to each employer.
- **Reserve Factor** is a multiplier that adjusts up or down, depending on the adequacy of the Unemployment Compensation Trust Fund to pay UI benefits during times of recession. For 2017, the reserve factor is 0.95, meaning the trust fund is at more than an adequate level.
- **Social Cost Rate** is determined from benefit costs that cannot be attributed to a specific employer and are thus shared equally by all employers. Social costs vary from year to year. For calendar year 2017, the social cost rate is .002 for all employers. Utah's economy is strong and we have continued to enjoy low unemployment, which has allowed these costs to trend downward over the last several years.

Due to Utah's self-adjusting formula, Utah has the fourth healthiest trust fund in the nation. Workforce Services remains sensitive to contribution rates and has implemented multiple strategies over the past decade to help preserve the integrity of the trust fund.

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WORKFORCE SERVICES **20TH ANNIVERSARY**

In June 2017, the Department of Workforce Services celebrated 20 years since its creation. The occasion was marked with Governor Gary R. Herbert naming the agency's downtown administration office the Olene S. Walker Building and with the department unveiling a new logo. In its 20-year history, Workforce Services has served 3.8 million job seekers at the more than 60 employment and service centers statewide, in addition to the robust online resources at jobs.utah.gov.

Key Milestones of the Unemployment Insurance Division:

1997: Centralization of all Unemployment Insurance claims services into a state-of-the-art call center, saving millions of dollars annually

2001: Utah first to launch a fully automated online unemployment claims filing system; reduced claim filing time by 66%

2005: Utah first to move to 100% electronic unemployment benefit payments

2006: 3.0% avg. unemployment rate (one of the lowest in the nation); 51,747 claims filed — the lowest in state history

2015: 3.5% avg. unemployment rate; 66,935 claims filed

2010: 7.8% avg. unemployment rate — highest in department history

COLLECTIONS UNIT SPOTLIGHT



The Collections Unit consists of two teams: Benefit Overpayments and Employer Contributions. Both teams are tasked with protecting the state's Unemployment Compensation Trust Fund through high levels of communication and customer service. Over the last 12 months, enhancements to Utah's system have been implemented allowing collectors more time to work directly with employers and claimants in resolving their contribution and benefit overpayment balances. Together the collection teams maintain the integrity of the trust fund to help keep contribution rates low and benefits available.